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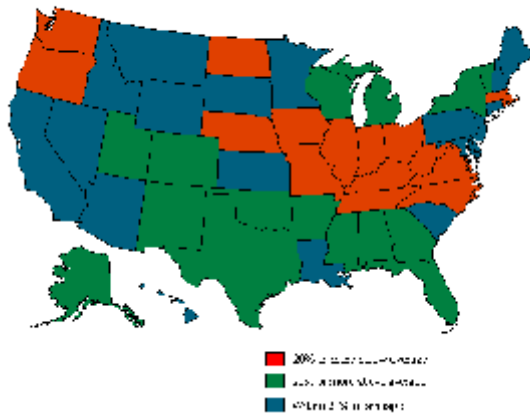
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Tennessee Net Farm Income Plummets

The 1999 growing season not only resulted in a devastating crop production year, commodity prices at the markets compounded the drought affect by proving to be some of the lowest returns farmers have received in history. Tennessee net farm income, *a measure of value of production indicating the farm operators' share of the net value-added to the National economy*, for 1999 continued its 5 year slide and totaled slightly more than \$141 million, only one-fifth of the nearly \$695 million realized in 1994, only 28 percent of the 1990-98 average, and less than half the income of 1998. Other states that rely on row crop and tobacco production showed the greatest declines during 1999 while the broiler states of the Southeast experienced some strength offsetting the row crop deficits.

Relationship of 1999 Net Farm Income to 1990-98 Average



Considering an estimated 91,000 farms in Tennessee, this implies an average net farm income of only \$1550 per farm in 1999. Cotton, soybeans, tobacco, meat animals and dairy products all contributed heavily to the decline in value to the tune of nearly \$350 million from the 1994 comparable. A \$100 million increase in poultry production value along with a 22 percent increase over 1994 in vegetable value are the only bright spots on the scene, accounting for a \$140 million increase in production values.

With the dramatic decrease in commodity values, the farm sector has experienced more than their share of increased expenditures. Total production level expenditures have increased nearly 25 percent over the past 5 years with pesticides accounting for the largest increase of more than \$30 million.

Direct government payments, for the first time since records began in 1949, were necessary to allow for a positive net farm income for Tennessee agriculture. Payments during 1999 totaled \$208 million allowing for the \$141 million net farm income. Without this assistance, Tennessee agriculture would have shown a net loss of over \$67 million in 1999 and the number of families involved in agriculture would likely have diminished even more than might be anticipated.

The overall contribution by Tennessee agriculture to the U.S. economy dropped by 43 percent from 1994 to \$635 million.

Additional information regarding net farm income levels for Tennessee and other states can be accessed through the USDA-ERS website at www.ers.usda.gov/briefing/farmincome/.

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The enclosed U.S. map graphic is available in a color .gif format upon request and can be sent via email.